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SUBJECT: POLITICAL UNDERTONE OF SLOK AIR'S GROUNDING

11. (U) Summary: Since the suspension and subsequent revocation of its license in March, Slok Air remains grounded. Though accused of having violated aviation regulations, the airline's travails have been associated with a political face-off between Orji Kalu, Abia State Governor and owner of Slok, and the ruling Peoples' Democratic Party (PDP). While aviation operators are divided on the merits of the revocation of the airline's license, the Nigerian Civil Aviation Authority (NCAA) denies that it succumbed to political influence. Other stakeholders are watching the regulatory authority attentively. End summary.

12. (U) On March 12, 2004 the NCAA announced the suspension of two domestic airline operators, Slok Airlines and IRS Airlines, citing violation of aviation regulations. The NCAA claimed that IRS Airlines was sanctioned for destroying an instrument landing system at Kano Airport while Slok was suspended for offenses ranging from operating more aircrafts than approved by the NCAA to inadequate maintenance of its fleet. Although IRS has since regained its license and resumed operations, Slok remains grounded, as the Aviation Ministry subsequently revoked its air transport license (ATL).

13. (U) Slok Air began operating in January 2004 with two B737-200 aircrafts flying daily between Lagos, Enugu, Port Harcourt and Owerri. Having planned to extend flights to thirteen other Nigerian cities, the airline was to have acquired possibly eight additional aircrafts. By March the airline had added two more aircrafts to its fleet, but these were not listed on its operations specification documentation. Soon thereafter, the airline was accused of running all four aircraft with inadequate maintenance, as well as disregarding weather advisories.

14. (U) Slok Air's suspension and subsequent revocation of its ATL nonetheless has political undertones. Slok Airlines is a subsidiary of Slok Nigeria Limited and is owned by Orji Uzor Kalu, Governor of Abia state. Kalu who recently had a face-off with a chieftain of the ruling Peoples' Democratic Party (PDP), is said to have floated the airline in anticipation of a presidential campaign in 2007. According to Stanley Uhajuruka, Speaker of the Abia State House of Assembly, Kalu has, however, been a "thorn in the flesh" of the PDP, on whose platform he was twice elected governor. Uhajuruka charges that to "check" the outspoken governor, the GON revoked his airline's ATL under the cover of technicalities.

15. (U) Aviation operators are divided on the issue. Edward Boyo, Managing Director, Overland Airways, believes the sanctions were justified and long overdue. But the Nigerian Aviation Safety Initiative, an aviation non-governmental organization, believes the GON's actions were high-handed and should be reversed. What seems clear is that Governor Kalu was not making many friends in the industry. Boyo, for instance, added that besides violating industry regulations, Slok Air was charging airfares 20 percent lower than its competitors, pricing that nearly destabilized the market and would have been unsustainable.

16. (U) Comment: Although Slok Air might have failed to abide by the regulations, the way the sanctions were imposed suggests political motivation. Boyo has asserted that the carrier "would have been sanctioned much earlier if it were not owned by a governor", a statement that reflects the school of thought that if the governor had remained "good", his aircraft would have continued to fly despite their technical shortcomings. Skeptics say the Nigerian Civil Aviation Authority has to do more than just deny that political motives were behind its actions; it needs to sanction all erring operators without fear or favor. This is not the case, so the operators, investors and other stakeholders are watching the industry's regulators more closely now than in the past. End comment.

